

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF June 17, 2008

ITEM NUMBER 4AGENCY: General Services DivisionSUBJECT: Public Service Commission Lease

The Public Service Commission (PSC) requests approval to continue leasing from Hub Properties Trust (Landlord), space on the first floor of the Saluda Building at Synergy Business Park located at 101 Executive Center Drive in Columbia. PSC requests to lease 18,041 square feet from Landlord, which is a reduction from the 18,559 square feet it is currently leasing. This space accommodates all of the needs of PSC. PSC's current lease at the location expires August 31, 2008.

The lease term will be seven years commencing on September 1, 2008. Rent will be \$19,920.27 per month or \$239,043.25 per year (\$13.25 per square foot annually) for the first year of the lease. Thereafter, rent increases by 3.5% per square foot annually. Comparables of similar state agency office space leased in the Columbia area are as follows:

Lease Date	Agency/Location	Rate
10/05	SC School for the Deaf and Blind 101 Executive Center Drive, Ste. 120	\$ 12.73
07/07	Department of Juvenile Justice 100 Executive Center Dr., Ste. 210	\$ 14.00
7/07	SC Medical Malpractice Patients' Compensation Fund 121 Executive Center Dr., Ste. 110	\$ 14.50

Parking is included with the lease. Landlord will make renovations to the leased space costing \$78,213 to facilitate downsizing and improving the space. PSC is not responsible for any additional costs above the rent. No option to purchase the property is included in the lease.

Operating cost increases are capped at five percent per year, beginning with the second year of the lease. Assuming operating expenses increase at five percent per year, the maximum rent over the term of the lease is as follows:

Year	Date	Base	Operating	Rate/SF	Rent
1	9/1/08	7.83	5.42	13.25	239,043.25
2	9/1/09	8.29	5.69	13.98	252,213.18
3	9/1/10	8.77	5.98	14.75	266,104.75
4	9/1/11	9.27	6.27	15.54	280,357.14
5	9/1/12	9.78	6.59	16.37	295,331.17
6	9/1/13	10.32	6.92	17.24	311,026.84
7	9/1/14	10.87	7.26	18.13	327,083.33
	Total				\$1,971,159.66
	Average			\$15.61	\$281,594.24

AGENCY: General Services Division

SUBJECT: Public Service Commission Lease

PSC has adequate funds for the lease according to a Budget Approval Form submitted April 10, 2008, which also includes a multi-year plan. PSC is an "other-funded" agency and lease payments will be made from assessments charged to the utility companies it regulates.

The space allocation of the new lease is 6,180 square feet for staff. Space is allocated for 38 employees. The remaining 11,861 square feet is to be utilized for storage, filing cabinets, hearing rooms, conference rooms, reception area, work areas, library, break room, computer server area and common areas. The building was constructed between 1982 and 1989.

The lease was approved by Commissioner G. O'Neal Hamilton, Chairman of PSC and by Jennifer B. Clark, Senior Vice President of Hub Properties Trust. JBRC approved the lease at its June 4, 2008 meeting.

BOARD ACTION REQUESTED:

Approve the proposed seven year lease for the Public Service Commission at 101 Executive Center Drive in Columbia.

ATTACHMENTS:

Agenda item worksheet; Letter from PSC dated May 20, 2008; SC Code of Laws Sections 1-11-55 and 1-11-56

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 17, 2008

Regular Agenda

1. Submitted by:

- (a) Agency: General Services Division
- (b) Authorized Official Signature:


M. Richbourg Roberson, Director

2. Subject: Public Service Commission Lease

3. Summary Background Information:

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- 4. What is the Board asked to do?** Approve the proposed seven year lease for the Public Service Commission at 101 Executive Center Drive in Columbia.
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- 5. What is recommendation of the General Services Division?** Approval of the proposed lease.
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6. List of Supporting Documents:

- (a) Letter from PSC dated May 20, 2008
- (b) SC Code of Laws Sections 1-11-55 and 1-11-56



Charles L.A. Terreni
Chief Clerk/Administrator

The Public Service Commission State of South Carolina

COMMISSIONERS
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May 20, 2008

Ms. Delaine Duckworth
Division of General Services
South Carolina Budget & Control Board
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Re: Request for approval of lease.

Dear Ms. Duckworth:

On behalf of the Public Service Commission of South Carolina I am writing to request the approval of the accompanying lease from the Budget and Control Board and the Joint Bond Review Committee. I would appreciate your including this request on the agendas of the upcoming meetings of these bodies. This agreement represents the renewal of the Public Service Commission's lease of its offices in the Synergy Business Park, located at 101 Executive Center Drive, in Columbia. The Commission has been at this location since September of 1998.

The Public Service Commission regulates the state's investor owned utilities. Regulated utilities include providers of electricity, gas, telecommunications services, water and sewer companies, and transportation providers such as taxi cabs, limousines, and movers of household goods. The Public Service Commission's regulatory functions include certification of utilities, setting rates, hearing consumer complaints, and promulgating regulations. The Commission carries out these functions at its offices, which house the Commission's hearing room, offices, staff, and docket files.

The Commission's offices are conveniently located near the intersection of I-20 and I-26, making them readily accessible to citizens from across the state who attend commission meetings or otherwise transact business with the agency. The Commission's offices have ample and free public parking as well. Visitors from other parts of the state, often tell us that they appreciate the convenient locations of our offices.

Ms. Delaine Duckworth

May 20, 2008

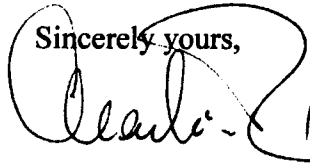
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We believe that the proposed terms, negotiated with your assistance, are favorable to the Commission. The Commission proposes to renew its lease for a seven year term, with an initial Basic Rent of \$13.25 per sq. ft. for 18,041 sq. ft., representing a rent component of \$7.83 and pro rata operating expenses of \$5.42. Annual increases in the rent component will be 3.25% and increases in operating expenses are capped at 105% of the previous year's allocation. Furthermore, the landlord has agreed to a renovation allowance of \$78,213, which will allow the Commission to reconfigure its space for more efficient use. Due to this reconfiguration of space, the Commission will reduce its rented square footage by 518 sq. ft, and will benefit from more efficient use of its office space. We have also been advised that these terms are competitive with those offered for comparable space in the Columbia market. We have funding available in our existing appropriation to pay the rent in this lease.

Please let me know if you require any other information from the Public Service Commission. I will be available to answer any questions that may be raised regarding this proposed lease at the upcoming meetings of the Budget and Control Board and the Joint Bond Review Committee.

With best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles L.A. Terreni", with a large, stylized flourish at the end.

Charles L.A. Terreni
Chief Clerk and Administrator

c: The Hon. G. O'Neal Hamilton, Chairman

Enclosures (3)

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency,

(b) a dissolution of the agency, and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

